



# The Commonwealth of Massachusetts

## DEPARTMENT OF PUBLIC UTILITIES

### MEMORANDUM

TO: NSTAR Electric  
Fitchburg Gas and Electric Light Company  
National Grid  
Western Massachusetts Electric Company  
Office of the Attorney General  
Department of Energy Resources  
Service List - Energy Efficiency Guidelines, D.P.U. 08-50  
Service List - Net Metering, D.P.U. 08-75

FROM: Laura Koepnick, Hearing Officer

DATE: December 15, 2008

RE: Energy Pay and Save Pilot Program - Stakeholders Meeting

---

### I. INTRODUCTION

On July 2, 2008, Governor Patrick signed into law Chapter 169 of the Acts of 2008, an Act Relevant to Green Communities ("Green Communities Act"). The Green Communities Act requires the Department of Public Utilities ("Department") and Executive Office of Energy and Environmental Affairs ("EEA") to implement an Energy Pay and Save pilot program ("EPS Program"). The EPS Program will run from April 1, 2009, to December 31, 2009.

The purpose of this memorandum is to outline the Green Communities Act's provisions with regard to the EPS Program, and to notify electric distribution companies ("Companies") and other stakeholders of the Department's meeting to discuss implementation of the EPS Program, scheduled for **Thursday, January 8, 2009, commencing at 1:00 p.m.**

## II. THE ENERGY PAY AND SAVE PILOT PROGRAM

As outlined in Section 84 of the Green Communities Act, the EPS Program allows electric utility customers to purchase and install energy efficient or renewable energy products in their residences or commercial facilities. The cost of those purchased products will be added to a customer's monthly electric bill through a Department-approved tariff until such cost is paid off. The cumulative monthly EPS charges in any given year are not to exceed a customer's reduction in bills due to energy savings for the same year.

Additionally, the Green Communities Act provides that the Department investigate a "quick pay" option. This option would allow customers to pay off the entire purchase on the first billing cycle.

The maximum project size for the program is \$1,000 for commercial customers and \$500 for residential customers. The program is to be established with a minimum of 50 participants and a maximum of 200 participants. EEA will determine the funding sources for the EPS Program; those funds are to be paid to the Companies to offset the cost of the program.

## III. AGENDA FOR STAKEHOLDERS MEETING

The Department will hold a stakeholders meeting on **Thursday, January 8, 2009** to discuss with the Companies and other interested persons their ideas for implementing the EPS Program. The meeting will be conducted at One South Station, Boston, Massachusetts, fifth floor, Hearing Room A. The Department requests that each entity, association, or interest group designate a primary individual to participate in the discussion.

Since the GCA does not provide specific guidance as to the implementation of the EPS Program, the Department requests that the Companies and interested stakeholders be prepared to discuss the following and related topics:

### Program Implementation

How should the Companies coordinate the implementation of the EPS Program with the implementation of their 2009 energy efficiency ("EE") programs? For example:

- Should there be any difference between the energy efficiency measures or services offered through the EPS Program and those offered through the EE programs?

- Should the Companies market the EPS Program through their EE programs, or through separate channels?
- Should participation in an EE program be a pre-requisite for participation in the EPS Program?
- Should the Department apply the same cost effectiveness test to the EPS Program as required in EE programs?

Should the EPS Program consist of a single pilot program statewide or multiple pilot programs conducted by each Company within their respective service territories?

Which products currently provided through the Companies' EE programs should be considered "portable" measures, and as such, should be ineligible for inclusion in the EPS Program?

What types of renewable energy products are EPS Program participants likely to purchase, in light of the maximum project size established by the Act?

Should the EPS Program accommodate an aggregation-type approach in which, for example, customers living in an apartment building could each receive a \$500 payment to jointly finance the installation of solar panels on the building's roof?

What factors may limit a company from reaching the 200 participant maximum?

Should the Department establish a minimum percentage for participation of residential customers in the EPS Program?

#### Program Costs

The Act provides that the Secretary of Energy and Environmental Affairs shall identify funding sources for the EPS Program, and that "such funds shall be used to offset the costs of the program for the utilities." What types of costs will the Companies incur in implementing the EPS Program, and what is the likely magnitude of those costs? Will these costs end on December 31, 2009, or extend through the life of the products installed through the EPS Program?

#### Customer Charge

The Green Communities Act stipulates that EPS Program participants shall pay the cost of the installed efficiency or renewable energy products through an additional charge on their electricity bill, in a form approved by the Department. Should the additional

charge be a fixed monthly charge, a per kilowatt-hour charge, a per kilowatt charge, or some combination of charges?

#### Information Collection

What information should the Companies collect through the EPS Program in order to better understand (1) the best way to deliver on-bill financing to customers, and (2) the extent to which on-bill financing can be expanded to more customers and programs in the future?

#### IV. OTHER PROCEDURAL MATTERS

There will be no stenographic record made of this stakeholder meeting. Other procedural matters may be discussed at the stakeholders meeting. In order to implement the EPS Program by April 1, 2009, **each company should be prepared to submit a filing to the Department by January 29, 2009, detailing how it will implement the EPS Program in its service territory.** The Department intends to allow comment on Companies' plans to implement the EPS Program. If you have any questions regarding this matter, please contact Laura Koepnick, Hearing Officer, at 617-305-3520 or [laura.koepnick@state.ma.us](mailto:laura.koepnick@state.ma.us).